

ORDINANCE NO. 47-122

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF HARLOW AEROSTRUCTURES, LLC, SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Harlow Aerostructures, LLC, requests an ad valorem tax exemption on a proposed expansion project of 100% for a five year term on certain new manufacturing equipment; and

WHEREAS, Harlow Aerostructures, LLC, has operated within the City for more than fifty years as a manufacturer of machining and sheet metal products for the aircraft industry; and

WHEREAS, Harlow Aerostructures, LLC, proposes a \$2,384,170 expansion by the purchase of machinery and equipment to be located at 1501 S. McLean Blvd in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Harlow Aerostructures, LLC, has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on September 12, 2006; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Harlow Aerostructures, LLC, is an existing business located in Wichita, Kansas, and intends to expand its business by the purchase of certain personal property.
2. The purchase of personal property for which exemption is given occurred after January 3, 2005. No exemption will be given for purchases, which occurred before that date.
3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Harlow Aerostructures, LLC, will create new employment for 30 employees within four years after the start of the project.

5. Tax exemption will be given only for the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council for the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Harlow Aerostructures, LLC, is required to retain jobs in the State of Kansas, and that the property to be exempted is to be used exclusively for manufacturing articles of commerce.

2. Harlow Aerostructures, LLC, is hereby granted an ad valorem tax exemption of 100% for five years on the purchase of personal property on an expansion project started after January 3, 2005, and located within the Wichita City limits at 1501 McLean Blvd S in southwest Wichita, at an estimated cost of \$2,384,170, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and Harlow Aerostructures, LLC may be required to repay amounts previously abated), in the event of any failure by Harlow Aerostructures, LLC, to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and Harlow Aerostructures, LLC, is hereby approved.

4. The City Manager's office shall be responsible for monitoring the performance of Harlow Aerostructures, LLC, and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Harlow Aerostructures, LLC's written request for ad valorem tax exemption as presented to the City Council and to administrative staff and dated June 13, 2006, and as stated in Harlow Aerostructures, LLC's annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that Harlow Aerostructures, LLC, no longer is entitled to such exemption in accordance with the Economic Development Incentive Policy of the City of Wichita and the terms of the Economic Development Incentive Agreement, which Harlow Aerostructures, LLC, has executed with the City.

7. The City Council may, at its discretion, require Harlow Aerostructures, LLC, to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement, which Harlow Aerostructures, LLC has executed with the City.

8. Upon finding that Harlow Aerostructures, LLC, has failed to meet its obligations under the Economic Development Incentive Agreement, the City Council may require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Harlow Aerostructures' expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 19th day of September, 2006.

Carlos Mayans, Mayor

ATTEST:

Karen Sublett, City Clerk

Approved as to Form:

Gary E. Rebenstorf, City Attorney

Harlow Aerostructures, LLC

Exhibit I

Equipment Purchases:

Rockwell Hardness Tester	\$ 1,200
Makino Cell A77	420,850
Makino Tooling	51,770
LK CMM Controller Motherboard Upgrade	2,400
Cincinnati Monoset Toll & Cutter	7,500
Glass Bead Blaster	1,100
Cetco Filter Press	5,543

500 Gallon Tank for Filter Press	832
65 Gallon Tank for Filter Press	110
Dumpster for Filter Press	1,475
Hot Water Rinse Tank	9,991
Cold Water Rinse Tank	6,665
OKK Vertical Machining Center	584,721
OKK Tooling	21,863
2 Processing Racks	1,200
2 Processing Racks	1,950
Makino 1516	<u>1,265,000</u>

Total Equipment	\$ 2,384,170
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Total Expansion Project	\$ 2,384,170
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